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FIRST COUNTRY COOPERATION FRAMEWORK FOR THE LIBYAN ARAB JAMAHIRIYA (1998-2000)

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INTRODUCTION

1. The first country cooperation framework (CCF) for the Libyan Arab Jamahiriya (1998-2000) is based on the Government's Comprehensive Mobilization Plan for the period 1991-2000, consultations between government officials, UNDP, other United Nations agencies, non-governmental organizations (NGOs) and target beneficiaries, as well as the findings and recommendations of sectoral and evaluation missions over the period 1995-1997. A sustainable human development (SHD) symposium, together with seminars and workshops on poverty eradication, the role of women in development, and population policies, all held during the last three years, have also contributed to the formulation of the CCF.

2. The CCF identifies the country's most important challenge as: (a) human resources development and capacity-building; (b) environment and natural resources management; and (c) economic diversification and participatory development. Considering the country's net contributor country (NCC) status, UNDP will contribute to national development within the framework of programmes fully financed by the Government.

I. DEVELOPMENT SITUATION FROM SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

3. According to the 1995 census, the population of the Libyan Arab Jamahiriya stood at 4.4 million. With an annual growth rate of 2.89 per cent and the presence of foreign labourers, the total population reached 5.13 million in 1996. The Human Development Report 1997 noted a life expectancy at birth of 63.8 years and an adult literacy rate of 75 per cent. A 1995 survey conducted by the Arab Council for Childhood and Development put the infant mortality rate for the period 1990-1994 at 27.0 per 1,000 live births for males and 21.6 per 1,000 live births for females. The gross domestic product (GDP) for 1996 was estimated at $35.778 billion, while GDP per capita income stood at approximately $6,960. The Human Development Report 1997 gave the country a human development index value of 0.801, ranking it 64 out of 175 worldwide and 5 out of 18 Arab countries. One reason for the country's good standing is the fact that for over 25 years it has generated substantial oil revenues, which has had a direct impact on human development. The economy was and is expected to remain largely dependent on oil exportation in the foreseeable future.

4. Development in the Libyan Arab Jamahiriya is perceived to be people-driven. The structure of the Government encourages the direct participation of people in the management of their affairs. Administratively, the country is divided into municipalities, each of which is divided into sub-municipalities and communes. Each commune has its own basic conference to legislate at the local level and a people's committee to implement that legislation. The General People's Congress includes basic conferences and people's committees, in addition to labour unions and professional syndicates. The General People's Congress holds legislative power at the national level.

5. In spite of serious attempts, the Comprehensive Mobilization Plan and subsequent intermediary plans approved by the General People's Congress were not

fully implemented. Despite this fact, a flexible three-year plan for the period 1994-1996 was approved to implement only priority areas that were previously neglected. The plan's main objectives stressed human development, economic diversification, scientific research and acquisition of technology, environmental management and finally maintenance of capital assets. Concomitantly, the fifth country programme for the period 1992-1996 and its extension through 1997 provided assistance in development planning and economic policy formulation through institution- and capacity-building, with the above-mentioned priorities as reference points.

6. Over the last decade, social conditions have improved vastly, particularly for women, since gender-based disparities became minimal in a number of ways. For example, the basic education male and female enrolment rates for the period 1990-1994 were 98 and 96 per cent, respectively, and secondary-level enrolment rates for males and females during the same period were 95 per cent. Furthermore, the legal status of women was strengthened by the Government's issuance in 1997 of a declaration on the rights of women, confirming their equality in the political, economic and social life.

7. However, with the decline of oil prices during the last 15 years in addition to United Nations Security Council measures, the provision of basic welfare services has gradually been reduced. In addition, developmental activities, including UNDP-supported programmes and projects, were also affected. In the meantime, the Government has encouraged a transition from public to joint ownership (Tasharukiah) and has given the private sector room to increase its role in the economy. However, financial and banking facilities are still modest. Nonetheless, government support to the private sector in agricultural development through an ambitious policy to reduce food dependency and achieve food sufficiency was implemented with some success. The agricultural contribution to the GDP remains, however, limited to only 7.5 per cent.

8. The country's scarce water resources remain a major problem. In this connection, the Government embarked on the Great Man-Made River Project, in which more than $28 billion has so far been invested, with the goal of providing a sustainable water supply for the population. The project is also intended to enhance agricultural production, creating about 75,000 new jobs and an estimated 20 per cent increase in production.

9. In the past 20 years, some $62 billion were invested in national capital formation. Due to several external and internal factors, including, for example, the United Nations measures mentioned in paragraph 7 above, the restrictions on the export of technology to the country, the rise of maintenance costs, the decline of oil prices, and some management constraints, production capacities have declined and the environment has been polluted in some areas. To remedy the situation, the capacity to ensure the maintenance of capital investments, the management of national capital formation and environmental management should be improved.

10. Overall, the Libyan Arab Jamahiriya's economic performance has been positive. As a result of the decline in oil prices, the imposition of sanctions and the rise in the prices of imports, the desire to diversify the economy

achieved only modest results, necessitating studies to identify the causes. The country still depends on oil revenues and foreign labour. Revised vocational education policies oriented to market requirements along with the active participation of the private sector are required. In addition, efforts should be directed at serious reform in the education sector, in order to enable it to provide higher quality education for all, as well as at reform of the public administration sector, to support the emerging needs of the economy.

II. RESULTS AND LESSONS OF PAST COOPERATION

11. UNDP involvement in the Libyan Arab Jamahiriya over the fourth and fifth cycles covered several key sectors through the indicative planning figure, cost-sharing and funds-in-trust financing modalities. The Libyan Arab Jamahiriya's status as an NCC country, the decline of oil prices and freezing the Libyan assets abroad hampered the ability of the Government to adequately finance the fifth country programme, which led to a modest rate of implementation. In spite of the fact that the national authorities provided some funds for the cost-sharing projects at the end of 1996 and the beginning of 1997, which were managed by UNDP and a supervisory committee from the national authorities concerned, a process that will be consolidated over the period of the first CCF.

12. The fifth country programme faced major constraints due to weak national coordination tools and administrative routine, the movement of national personnel and public departments from one place to another, difficult communications, and the lack of incentives for national counterparts, all of which led a slow rate of implementation of cost-sharing projects. On the part of United Nations executing agencies, long delays were experienced in recruiting and fielding the experts. In some cases, the quality of the experts was not as desired. Ordering and delivery of equipment were also delayed or incompletely processed. Tripartite review recommendations were either not properly pursued or simply ignored. However, projects that secured financing on a regular basis and enjoyed strong counterpart participation had a positive impact on target beneficiaries.

13. The above-mentioned constraints also had a negative impact on the efforts of UNDP and the Government to introduce national execution and the programme approach.

III. PROPOSED STRATEGY AND THEMATIC AREAS

14. Future national development policies will aim at building a sustainable human resource base through reforms of the education system, the adaption of appropriate technologies, enhancing the capacity of all training centres and linking university and mid-level graduates with market requirements within an environment of economic diversification. These goals require a better allocation of resources and an improved contribution of the private sector. Under the first CCF, UNDP support will concentrate on the projects that were already identified but not implemented during the fifth country programme. In addition, UNDP will work with the Government to build national capacity in the thematic areas outlined below.

A. Human resource development and capacity-building

15. In this thematic area, specific areas of focus have been identified, the most important of which are the provision of support in the fields of development planning, policy formulation and economic management. The reform of the educational system and adaptation of appropriate technologies in major sectors such as agriculture, fisheries, water, industry, and telecommunications will be accorded due attention. In addition, strengthening the capacity and the effectiveness of the national authority for the coordination of United Nations system operational activities in the country will be pursued, possibly through the introduction of national execution on a pilot basis.

16. The development of human resources in the education sector is a high priority. Development assistance interventions are required in the fields of science, technical and vocational education. There are currently 800 secondary schools attended by 250,000 students, with 35,000 teachers. Support will be provided for the improvement of the education system, focusing on the revision of curricula and textbooks, the provision of English-language training, and the training of teachers in the use of computers and related educational technology. Support in this area will involve approximately 20 key school inspectors and 600 teachers, and will directly improve the quality of teaching of at least 100,000 students. UNDP will assist in the preparation of an SHD strategy and the subsequent formulation and implementation of SHD policies. A national seminar on SHD, held in December 1996, has paved the way for the preparation of the first national human development report, which will not only serve as a support document for the Government's human development strategy, but as a useful tool by which to address the country's longer-term development objectives.

17. Although the sustainability of human resources is a high priority for the Government, there is an insufficient number of qualified and well-trained technical and managerial personnel, which explains why the country is largely dependent on expatriate labourers, who constitute 12 per cent of the population. A major new UNDP-assisted programme in the area of vocational and technical education will be implemented, with the objective of improving the effectiveness of the national vocational training programme through improved management, training of trainers, and the transfer of skills and knowledge to trainees in the fields of mechanics, electricity, metallurgy, carpentry, weaving and other trades. The target beneficiaries will be young Libyan women and men who are interested in acquiring such skills, the training of whom will help to meet the needs of the economy. In the course of this vocational training programme, some 70 training centres will be assisted and a total of 14,000 young women and men will be trained.

18. Although the status of women in the Libyan Arab Jamahiriya is rising, cooperation with the Government will continue to enhance women's roles in society and their empowerment. UNDP will focus on establishing four pilot vocational training centres for women, with the aim of providing effective training and creating job opportunities for women in the long run. Some 500 women who, in turn, support approximately 3,000 persons, will be trained.

19. In the field of telecommunications, managerial and technical skills need to be further developed to assist the Government in implementing the Master Plan

for Telecommunications Development, stressing continued training in management techniques and expanding and improving services inside the country. Telecommunications training will enhance the skills of 120 senior line managers in the field of information systems.

B. Environment and natural resource management

20. Over the past two decades, the country's growth in the industry, agriculture, housing, transport and oil sectors was not supported by a proper environmental management and preservation policy, leading to environmental degradation that affected both human and natural resources. Environmental legislation, laws and regulations have been promulgated since 1980, culminating in the establishment of the Technical Centre for the Protection of Environment. Nevertheless, environmental problems persist. Accordingly, over the period of the first CCF, strengthening national capacity in environmental management is envisaged.

21. In the agricultural sector, for example, the Government's objective is to achieve increased agricultural production, both in terms of quality and quantity, while limiting the harmful effects of the excessive use of pesticides, providing extension services to several hundred farmers and ensuring that produce is marketable domestically as well as suitable for export. It will also target problems of soil and water salinity, plant and soil diseases, quality control, desertification, and the introduction of appropriate technologies and scientific research methodologies. Support will be provided using the programme approach, with the heavy involvement of national expertise.

22. To achieve the above-mentioned objectives, the management of water resources in the Libyan Arab Jamahiriya will be crucial. While the Great Man-Made River project draws its water from two separate aquifers, the country's territory encompasses several aquifers and valley catchments to collect rainwater. UNDP-assisted water projects are designed to intervene only in the latter case and in such important areas as water quality, the establishment of water control and monitoring network systems, the chemical analysis of water samples, the provision of appropriate laboratory equipment, and public awareness. Due to the magnitude of the problems relating to water resources, e.g., severe over-exploitation, UNDP support will also focus on the preparation of country-wide policies and data analysis that will ensure the rational use of the country's resources on a sustainable basis through continuous monitoring and the use of appropriate technologies. Over 100 professional engineers and some 400 technicians will be trained.

23. Support to the fisheries sector is also envisaged, in order to meet the demand for a management policy of marine resources and aquaculture development. This sector has the potential to meet domestic food consumption requirements and to create an export industry, thus generating employment opportunities.

24. The Government looks forward to developing downstream industries in different sectors, especially those related to oil and petrochemicals. Support will be provided in the field of training national counterparts in the preparation of techno-economic feasibility studies and the application of modern

techniques of project appraisal and analysis, environmental assessments and marketing strategies.

C. Economic diversification and participatory development

25. The central objective of the Government is to ensure sustainable development which, in the future, will not depend entirely on oil exportation. Aware of the reality that oil is not a renewable resource and due to the impact and advances of technologies in providing new sources of energy, the Libyan Arab Jamahiriya realizes that every effort should be made to diversify the economic base of national growth. The diversification of the economy requires an increase in domestic production in non-oil sectors, mainly industry, agriculture, fisheries, water, trade and tourism, as well as the development of the service sectors.

26. During the past few years, and within the economic diversification policy, new measures were initiated to revitalize the private sector, mainly by transferring ownership from the public to the private sector. Legislation was enacted to provide support for partnerships, using incentives such as credit facilities and some tax exemptions. A law on foreign investment to encourage tourism development and privatization was recently passed. Tourism is expected to generate an additional $50 million in capital investment over the next five years. Tourism is viewed as creating an active platform for the private sector's involvement in the economy, and UNDP support will concentrate on the preparation of a tourism master plan and its ensuing investment programmes. Currently, 13 feasibility studies are planned.

27. The active involvement of the whole society in the development process of the country remains crucial. UNDP interventions will be directed at providing support for administrative and management reforms. The preparation and subsequent implementation of the National Development Plan, 1998-2001, and a public investment programme will contribute considerably to a clear and consistent national development drive.

28. The achievements in overall economic growth through accelerated development in non-oil sectors need still to be supported by a sustainable human resource base. In the industrial sector, four projects will enhance human resource capacity through intensive training programmes for an estimated 600 managers and technical personnel. UNDP will cooperate with NGOs, United Nations agencies and line ministries, through the national coordinating mechanism, in developing an innovative approach covering social mobilization, self-help schemes, income-generating activities, and training and upgrading of the skills of vulnerable groups, with the objective of securing employment and sustainable livelihoods.

IV. MANAGEMENT ARRANGEMENTS

29. Execution and implementation modalities. During the period covered by the first CCF, due consideration will be accorded to the introduction of the national execution modality through a UNDP-assisted pilot project with the coordinating unit of the Ministry of Foreign Affairs. Intensive training and

orientation will be provided for both government counterpart personnel and UNDP staff in all aspects of national execution and accountability. United Nations agency execution will continue to be used where appropriate, based on the agencies' areas of competence and comparative advantage. UNDP will continue to foster the concept of full use of national professionals, consultants and NGOs in programmes and projects. The programme approach will be piloted through sustainable agriculture development.

30. Monitoring, review, evaluation and reporting. The first CCF will be subject to three levels of monitoring and evaluation over its three-year period: (a) project-level monitoring, through established UNDP mechanisms such as tripartite reviews, performance evaluations, project/programme appraisals and financial reviews; (b) annual reviews to assess implementation and overall performance; (c) a final evaluation to assess the achievements of objectives and impact in order to determine the relevance of continuation of the programme. The triennial review will be shared with the Executive Board.

31. Resource mobilization and aid coordination. In addition to the Government's cost-sharing obligation, UNDP will work to generate additional funds in close cooperation with interested budget-independent national counterpart institutions such as the Social Security Fund and Port Authority. UNDP will also work to mobilize additional resources from other UNDP-related funds, United Nations agencies and NGOs.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR THE
LIBYAN ARAB JAMAHIRIYA (1998-2000)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated carry-over	(874)	Represents a charge to 5th cycle IPF and TRAC resources prior to 1998 to be covered pending receipt of cost-sharing contributions.
TRAC 1.1.1	106	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	-	
Subtotal	(768)[a]	
NON-CORE FUNDS		
Government cost-sharing	120 000	
Sustainable development funds	-	
Third-party cost-sharing	-	
Funds, trust funds and other	-	
Subtotal	120 000	
GRAND TOTAL	119 232[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.